



II. Market Development



Commission Recommendations: In addition to enforcing fair market practices, the Commission recommended several ways that the USDA could apply its market development programs and resources to bolster the marketing opportunities that are unique to small farms.

Recommendations included an emphasis on cooperative development programs for farmer-owned, value-added enterprises; expansion of direct marketing assistance; interagency efforts to support local and regional food marketing systems between farmers and urban consumers; and an

entrepreneurial education initiative to teach business development and marketing skills for farm- and forestry-based, value-added businesses.

AGENCY HIGHLIGHTS

Agricultural Marketing Service (AMS)

Farmers Direct Marketing

■ **Web site:** AMS maintained the “Farmers’ Market” and “Direct Marketing” Web sites and provided technical assistance to consumers and producers through a toll-free telephone service. Approximately, 150 e-mail and telephone requests for assistance were received and handled per month by MSB staff.

■ **USDA Farmers Market Promotion Program Focus Groups.** AMS sponsored and organized two focus groups in October and November 2002 on emerging trends and challenges in the direct marketing of farm products, in partnership with the North American Farm Direct Marketing Association (NAFDMA). The October focus group was held in Washington, D.C., to coincide with the National Association of Farmers Market Nutrition Program conference, and the November focus group was held in Sacramento, California, to coincide with the meeting of NAFDMA’s board. Feedback from the sessions was designed to guide the development of objectives and criteria for the proposed Farmers Markets Promotion Program (FMPP) authorized in the 2002 Farm Bill.

■ **Farmer Market Coalition.** In November 2002, and in partnership with NAFDMA, AMS supported the establishment of the first national alliance of farmers market managers, association



members, and industry supporters, known as the Farmers Market Coalition (FMC). In November 2003, at the annual meeting of the Community Food Security Coalition, which was held in Boston, Massachusetts, AMS sponsored a follow-up organizational meeting for the alliance.

AMS also participated in a similar meeting at the 2003 NADFMA conference in Charlotte, North Carolina. The alliance was established to provide a national organization that individuals involved in farmers' markets could turn to for technical support on operational issues. Since its inauguration in the fall of 2002, FMC has launched its own Web-based forum on the NAFDMA Web site, located at www.nafdma.com/FMC.

■ “How to Direct Market Farm Products on the Internet” publication:

AMS developed this publication to help producers market their products via the Internet by providing tips on how to research the Internet market, set up a Web site, and market products on the Web. Since its publication date in January 2003, more than 2,000 hard copies of this publication have been distributed to interested constituents. A copy of the publication is available from the following link:

www.ams.usda.gov/tmd/MSB/PDFpubList/InternetMarketing.pdf.

■ **Updated National Directory of Farmers Markets:** In August 2003, AMS launched a reformatted, more user-friendly version of the *National Directory of Farmers Markets* on the AMS farmers market Web site in August 2003, in conjunction with National Farmers Market Week. The revised directory lists more than 3,000 farmers markets in the United States in alphabetical order by city location.

■ **Mid-Atlantic Farmers Market Collaborative.** In September 2003, AMS staff participated in meetings of the Market Collaborative, which includes representatives from 13 farmers' markets in Washington, D.C., Maryland, and Virginia. The purpose of the newly formed Collaborative is to share ideas, talents, contacts, and materials, in order to enhance the attractiveness of farmers' market venues for both farmers and consumers. AMS contributed to the exchange of information at the meeting, which focused on results from market surveys and promotion/advertising considerations for markets.

Farmers Market Development

■ **USDA Headquarters Farmers' Market:** During the summer and fall seasons in 2002 and 2003, AMS coordinated the operation of a weekly farmers' market on USDA headquarters property. AMS staff also coordinated schedules and logistics with participating farm vendors. In addition, AMS coordinated the support and operation of seasonal farmers' markets at the Carver Office Building in Beltsville, Maryland; the Bannister Federal Complex in Kansas City, Missouri; and the U.S. Department of Transportation headquarters building in Washington, D.C. Surveys were conducted at the USDA farmers market in the summer of 2003 in order to better understand customer traffic volumes and patterns.



■ **Jackson, Mississippi, Farmers' Market:** In December 2002, AMS staff reviewed existing conditions and established the design criteria and facility requirements for the market. In January 2003, staff presented and reviewed a conceptual design for the market and presented its recommendations to the Mississippi State House of Representatives Agriculture Committee. The expanded market complex is expected to accommodate the sale of products not currently sold at Jackson's existing Mississippi Farmers Central Market, including dairy products, meats, fish, and specialized organic items.

In the summer of 2003, the Mississippi Legislature transferred land for the market to the Mississippi Department of Agriculture and Commerce and authorized \$1.3 million in bonds to fund construction of the farmers market.

■ **Donalsonville, Georgia, Farmers' Market.** AMS provided technical assistance to the farmers market in Donalsonville, Georgia, at the request of the local farmers' cooperative. The cooperative sought assistance in evaluating the suitability of the existing structures for new uses. AMS staff met with local market officials in March and April 2003 to discuss the feasibility of renovating the former State Farmers Market facility. The cooperative manager credits AMS with providing the cooperative information that enabled it to better define its plans and needs, thereby allowing it to secure a USDA Rural Business Development Grant in excess of \$69,000.

■ **Lexington, Kentucky, Farmers' Market:** AMS completed a draft manuscript currently undergoing editorial clearance of a research study with the Friends of the Lexington Farmers Market assessing the feasibility of establishing a year-round farmers market. The study includes a consumer demand analysis, assessment of local farm product availability, and discusses business plan requirements.

■ **Sanford, Florida, State Farmers' Market:** AMS provided technical assistance to the Florida Department of Agriculture and Consumer Services, Division of Marketing and Development, to support the development of the Sanford State Farmers Market, in Sanford, Florida. Staff provided the initial conceptual design and rendering of the proposed facility along with a site survey. The State of Florida and Seminole County governments collaborated to finance the \$466,000 project, and the construction of a new farmers market facility in Sanford has been initiated.

■ **Tuskegee, Alabama, Farmers' Market:** AMS advised municipal officials in Macon County, Alabama on appropriate developmental strategies for the proposed farmers market. The facility is intended to provide a year-round outlet for small, minority and/or limited-resource farmers in the region.

■ **Phoenix, Arizona, Farm Market Project:** AMS initiated a cooperative project with Arizona State University to evaluate the feasibility of creating a year-round wholesale and retail farmers market, featuring Arizona-produced agricultural products that would serve diverse residential and commercial communities as part of the revitalization of downtown Phoenix.



■ **Alameda Wholesale Market in Los Angeles, California:** AMS reviewed design proposals, inspected the project site, and provided advice on market development plans to the management of the Alameda Wholesale Market.

■ **Portland, Oregon, Public/Farmers' Market:** AMS initiated a cooperative agreement with the City of Portland to assess the feasibility of developing a year-round public/farmers market in downtown Portland, Oregon. This study will assess supply and demand conditions affecting the establishment of a year-round facility featuring Oregon-produced agricultural commodities, evaluate the economic viability of the market, and identify specific data related to building design and construction/renovation costs.

Agricultural Diversity

■ **Export Opportunities for Small Farmers:** AMS developed an initiative entitled United Exports to assist minority, small, and disadvantaged farmers interested in marketing their agricultural and value-added products internationally. AMS has entered into a cooperative agreement with the African American Family Farms, Inc. to identify potential groups of small farmers, initially in Georgia, and connect them with shippers/exporters.

■ **Alaska Seafood Market:** AMS conducted a study with the World Trade Center Alaska to assess the feasibility of developing an Anchorage seafood cooperative market. The objectives of the study were to examine the movement of seafood in South Central Alaska, with an emphasis on fresh and live harvested products. The project investigates the opportunities and potential economic benefits of a wholesale seafood market facility to serve small and medium sized members of the regional seafood industry. A copy of the publication is available from the following link: www.ams.usda.gov/tmd/MSB/PDFpubList/seafooddistcenter.pdf.

■ **Machine Vision Technology Project for Tree Nut Crops in Maryland:** AMS initiated a cooperative agreement with the University of Maryland to develop grading and inspection technology to smaller producers and cooperatives. Machine vision technology has the ability to detect defects and foreign materials that are difficult or impossible to detect by other means. The equipment developed at Maryland is intended to be smaller and less expensive than alternative equipment, and specifically designed to detect defects in higher valued, small acreage tree nut crops, such as black walnuts.

■ **Retail Marketing Prospects for Locally Grown Cut Flowers in Pennsylvania:** In November 2002, AMS implemented a cooperative research agreement with Pennsylvania State University's Cooperative Extension Department to investigate the extent to which retail florists on the East Coast (Massachusetts to Virginia) are interested in establishing direct marketing relationships with local flower producers. Researchers are attempting to identify which quality attributes are most strongly associated with "locally grown" cut flowers, and examine differences in floral procurement preferences among retailers in metropolitan, suburban, and rural communities.



■ **“Mexico’s Changing Marketing System for Fresh Produce: Emerging Markets, Practices, Trends, and Issues”** publication: AMS published a hard copy version of this report in November 2002 in partnership with USDA’s Economic Research Service. The report examines the impact of recent chain store expansion on the Mexican distribution system for perishables and explores the relationship between changing buyer/consumer preferences in Mexico and potential demand for U.S.-origin fresh produce items. A copy of the publication is available from the following link:

www.ams.usda.gov/tmd/MSB/PubExecSumms/MexicosChangingMarket.htm

■ **Weed-Free Hay Marketing Project:** AMS investigated the growth of demand for certified weed-free hay and straw products, in western States in cooperation with the Wallowa County, Oregon, government and examined how this demand might create new marketing opportunities for small to medium-sized farm operations. The results of this project led to the formation in March 2003 of the Wallowa County Hay Growers Association, which seeks to promote the quality and availability of weed-free and premium forage products produced by local farmers. Information about the activities of the Association is available from its newly launched Web site, located at www.certifiedwallowacountyhay.com. A copy of the article is available from the following link: www.rurdev.usda.gov/rbs/pub/Mar04/Mar04.pdf.

■ **Chestnut Marketing Workshops.** AMS presented results of marketing study related to demand for domestically grown chestnuts in the commercial food service sector, in partnership with Michigan State University, at an annual showcase sponsored by the National Association of State Universities and Land-Grant Colleges. The event, held in March 2003 in Washington, D.C., was designed to acquaint Congress with examples of innovative research, extension, and educational programs being offered at these educational institutions in partnership with USDA.

AMS staff also participated in two other nut grower meetings, the Northern Nut Grower Association meeting in East Lansing, Michigan (July 2003) and the Pennsylvania Nut Grower Association Meeting (August 2003), in order to exchange information with industry representatives about recent developments in domestic chestnut marketing trends.

■ **National Workshop on Farm-to-Cafeteria Marketing Issues:** AMS provided financial support to, organized, recruited participants for, and moderated a workshop on “Farm-to-School Marketing from the Producer Point of View” at the first national “Farm-to-Cafeteria” conference, hosted by the Community Food Security Coalition in Seattle, Washington, in October 2002. As part of this activity, MSB staff presented an overview of the marketing opportunities presented by the school food service sector and provided recommendations for successfully marketing locally grown farm products to school food service buyers.

■ **Farm-to-School Marketing Training in Pennsylvania:** AMS shared examples of successful farm-to-school marketing practices at the monthly meeting of the Greater Susquehanna Valley Chamber of Commerce’s Agriculture Committee in Shamokin Dam, Pennsylvania, in June 2003. The committee is interested in launching a pilot project to help Pennsylvania family farmers develop alternative marketing channels with local schools.



■ **Market Opportunities for Texas Small Meat Producers and Processors:**

AMS conducted a cooperative research project with Texas A&M University to investigate market opportunities for small meat producers and processors in the restaurant and institutional food service sector. This guide is designed to be a practical marketing tool for any small operator (small rancher/livestock producer, slaughterhouse, or food processor) seeking to pursue or expand niche-marketing opportunities in the value-added meat product sector. A copy of the publication is available from the following link:

www.ams.usda.gov/tmd/MSB/PubExecSumms/MeatProcessingFirms.htm.

Federal-State Marketing Improvement Program (FSMIP)

Through this Program, AMS provides matching funds to State departments of agriculture or other appropriate State agencies for a wide range of research and service projects aimed at improving the marketing, distribution, and use of agricultural products.

Funds totaling \$1.347 million were allocated during fiscal year 2002, and \$1.338 million was allocated in fiscal year 2003. Over that period, FSMIP awarded matching funds to the following projects that benefited small, limited-resource and/or minority farmers:

- A \$49,500 grant awarded to the Alabama Department of Agriculture and Industries, in cooperation with Alabama A&M University and Tuskegee University, to determine the market for goat meat in central Alabama and to assess its sales potential for limited resource producers seeking to diversify their operations.
- A \$31,580 grant awarded to the Arizona Department of Agriculture, in cooperation with Arizona State University East, to assess the level of awareness of, and impact on sales, of the Arizona Grown brand among minority consumers.
- A \$98,000 grant awarded to the Arkansas State Plant Board, in cooperation with Winrock International Institute of Agricultural Development, and the University of Arkansas Extension Service, to assist small vegetable cooperatives in the Delta to increase direct sales to local markets by providing management and marketing training to cooperative members.
- A \$54,990 grant awarded to the Kentucky Department of Agriculture, in cooperation with Kentucky State University, to measure the impact of density, temperature, substrate, and salinity on the quality and survivability of live shrimp in transit to urban markets in North America.
- A \$65,000 grant awarded to the Kentucky Department of Agriculture, in cooperation with the University of Kentucky and KyVirtual.com to develop, test, and evaluate Web-based methods of marketing food and agricultural products internationally.
- A \$38,000 grant awarded to the Maine Department of Agriculture, Food, and Rural Resources, in cooperation with the University of Maine, Heart of Maine RC&D, and Maine Gourmet and Specialty Food Producers, to help farm-based producers and processors of specialty agricultural products to expand sales through conferences, trade shows, and organizational development.



- A \$57,000 grant awarded to the Maryland Department of Agriculture to complete a comprehensive supply/demand analysis of the Maryland organic sector, identify opportunities for producers to expand their markets, and complete case studies of three promising organic product markets.
- A \$34,350 grant awarded to the Massachusetts Department of Food and Agriculture, in cooperation with the Wampanoag Aquinnah Shellfish Hatchery, to develop, test, and compare two packaging systems for live bay scallops, and to introduce live product to area restaurants.
- A \$28,350 grant awarded to the Massachusetts Department of Food and Agriculture, in cooperation with the Pioneer Valley Growers Association, to assess the opportunities and challenges of increasing use of locally grown food in private schools in Massachusetts, establish a pilot program with three private schools, and develop a guide for private school food buyers.
- A \$58,920 grant awarded to the Michigan Department of Agriculture, in cooperation with the Michigan Food Processors Association, to identify marketing opportunities for specialty food producers and processors through retail outlets and festivals in high-tourist areas.
- A \$37,000 grant awarded to the Missouri Department of Agriculture, in cooperation with the Jefferson Institute, to create niche options for small-scale growers by fostering new domestic markets for amaranth and buckwheat in the processed food industry and by exploring logistical requirements for export.
- A \$50,000 grant awarded to the Montana Department of Agriculture, in cooperation with Lake County Community Development Corporation and the Northwestern Agricultural Research Station, to help small-scale producers and processors to commercialize their products by addressing their educational needs in the areas of processing, marketing, transportation, distribution, quality, and food safety, and to foster development of a supportive infrastructure in the region.
- A \$61,300 grant awarded to the Pennsylvania State University Experiment Station to foster edamame (non-processed, edible soybeans) as an alternative crop for small farmers by determining the most favorable varieties for cultivation; establishing planting, harvesting, and post-harvest protocols; and investigating acceptance of edamame among consumers and professional chefs.
- A \$50,000 grant awarded to the Puerto Rico Department of Agriculture to complete a comprehensive study on the logistics of delivering locally produced agricultural products to school lunch program cafeterias and to retail outlets across the island of Puerto Rico.
- An \$86,000 grant awarded to the South Carolina Department of Agriculture, in cooperation with Clemson University and the National Nutraceutical Center, to select the best varieties of medicinal herbs for organic production, to develop standardized cultivation and harvesting practices, to conduct field tests, and to evaluate the market for certified botanicals.



- A \$62,900 grant awarded to the American Samoa Department of Agriculture, in cooperation with American Samoa Community College, to develop a comprehensive database on fresh fruit and vegetable supplies, marketing and imports, and to establish a system for collecting the data annually.
- A \$39,000 grant awarded to the Florida Department of Agriculture and Consumer Services to address marketing issues such as packaging, labeling, handling, and consumer acceptance of *nopalitos*, a minimally processed cactus product popular in Mexican cuisine.
- A \$50,000 grant awarded to the Hawaii Department of Agriculture, in cooperation with the University of Hawaii at Manoa, to study the economic impact of factors such as geographic location, transportation rates and regulations, industry structure, and product selection and differentiation on the competitiveness of selected Hawaii agricultural products destined for mainland domestic markets.
- A \$72,650 grant awarded to the Illinois Department of Agriculture, in cooperation with Sustain, a Chicago-based public interest group, to determine the infrastructure and resources needed to support the growth and maintenance of an Illinois-based organic distribution system.
- A \$49,000 grant awarded to the Indiana Office of the Commissioner of Agriculture, in cooperation with Ball State University and others, to evaluate consumer response to web-based direct marketing of Indiana agricultural products, and communicate the findings to producers to optimize their marketing strategies.
- A \$46,500 grant awarded to the Iowa Department of Agriculture and Land Stewardship, in cooperation with the Wisconsin Department of Agriculture, Trade, and Consumer Protection; the Agricultural Utilization Research Institute of Minnesota; and Cooperative Development Services, to conduct market research and a prefeasibility analysis on collaborative approaches to marketing meat byproducts, and to provide business planning and product development assistance to the region's small-scale meat processors.
- A \$50,000 grant awarded to the Maine Department of Agriculture, in cooperation with the University of Maine; Coastal Enterprises, Incorporated; Farms for the Future; the Maine Agricultural Center; University of Maine Cooperative Extension; and others, to explore new marketing channels for the state's dairy farmers.
- A \$22,675 grant awarded to the Maryland Department of Agriculture to help Maryland producers access new direct marketing opportunities in nearby urban markets.
- A \$51,100 grant awarded to the Massachusetts Department of Food and Agriculture, in cooperation with the University of Massachusetts, to foster direct marketing of locally grown ethnic produce to Asian and Brazilian immigrant communities in eastern Massachusetts.
- A \$33,500 grant awarded to the Missouri Department of Agriculture to improve opportunities for Missouri agribusinesses to expand sales to State food service purchasers.



- A \$36,860 grant awarded to the Nebraska Department of Agriculture, in cooperation with the University of Nebraska, to strengthen and expand farmers markets in Nebraska, foster development of a state farmers market association, and provide marketing and business training to producers.
- An \$87,215 grant awarded to the University of Nebraska State Experiment Station, in cooperation with Practical Farmers of Iowa, to develop economically viable direct marketing system models to improve the profitability, efficiency, and competitiveness of small and medium sized farms in the Great Plains region.
- A \$79,070 grant awarded to the New Jersey Department of Agriculture, in cooperation with Rutgers University, to analyze the market for ethnic produce in New Jersey and identify opportunities for producers in the region to supply new products for these emerging markets.
- A \$31,320 grant awarded to the New Jersey Department of Agriculture, in cooperation with Rutgers Cooperative Extension Service of Sussex County, to educate meat goat producers on production techniques and marketing strategies to maximize profitability.
- A \$29,500 grant awarded to the Virginia Department of Agriculture and Consumer Services, in cooperation with the Virginia Green Industry Council, to initiate a comprehensive marketing and educational program for consumers about plants and horticultural services, and to unite the Virginia horticultural industry in a common strategy to promote their products and services.
- A \$77,000 grant awarded to the Wyoming Department of Agriculture, in cooperation with Sheridan Community College and the Wyoming Business Council, to analyze the economic feasibility and practical capabilities of a mobile meat-processing unit.

Cooperative State Research, Education, and Extension Service (CSREES)

- **A USDA/ARS, CSREES, Department of Defense (DoD), and Gila River Indian Community collaboration is yielding important new biobased products ready to be commercialized:** On June 9, 2004, the History Channel on cable television aired a Modern Marvels episode on rubber, an agricultural raw material that has many important industrial applications. The USDA perspective was presented by Carmela Bailey, CSREES National Program Leader, who described current efforts to commercialize a natural rubber industry based on the southwestern desert shrub called guayule. A small company, Yulex, has licensed ARS technology to extract rubber from the shrub and is investigating the applications of guayule rubber for hypo-allergenic latex products in the medical market.

Both CSREES and ARS have supported guayule research and development for almost 2 decades. In the late 1980s through the mid 1990s, USDA and DoD jointly funded a program to establish a source of natural rubber in the United States. The growing area for guayule in the United States is the Sonoran Desert, and the Gila River Indian Community, south of Phoenix, Arizona, played a key role in this program. (Bailey earlier gave a presentation on this program to the American University-sponsored Washington for Native Students Intern (WINS) Program students in 2002).



DoD entered into a contract with the Gila River Indian Community, traditionally agriculturists who grow cotton, to grow and harvest the shrub. The Indians subcontracted with Firestone Tire and Rubber Company to extract rubber from the plant for the manufacture of military tires, which were subsequently successfully tested on military trucks and aircraft. In addition to rubber, guayule was found to produce a resin that repels termites, and now looks promising as a substitute for the toxic chemicals that are currently used for wood treatments. Both past and current efforts have resulted in useful new products that are poised to enter commercialization. Guayule may offer limited resource farmers on Native American reservations in the southwest another cash crop for added tribal or individual income.

■ **Impacts from FY 2001 and FY 2002 CSREES Initiative for Future Agriculture and Food Systems (IFAS) Grant Program:** Impacts that benefit small and medium-sized farmers were reported in FY 2003 and FY 2004 from 19 projects. A total of \$18.8 million was funded in FY 2000 under the Farm Efficiency and profitability Program Component of IFAS, targeted for small and mid-sized farms. The program in FY 2000 placed the most emphasis on marketing strategies, market development, and farm financial management – with half of the funded projects in these areas. Multiple projects funded in FY 2000 addressed training farmers in marketing (Minnesota, South Dakota, Texas, and Montana); expanding markets, particularly direct marketing (Maryland, Pennsylvania, California, New York, Washington, Oregon, Idaho, Tennessee, North Carolina, Georgia, and Kentucky); and farm financial management (Illinois, Arkansas, and Wisconsin).

Five projects were funded to focus on the “whole farm” approach to improved profitability, with particular emphasis on organic and sustainable farming systems. These programs included organic farming efforts in Maryland, Pennsylvania, New Jersey, Ohio, North Carolina, and Iowa. Targeted small farm initiatives were funded in Iowa, Nebraska, Wisconsin, and Mississippi. A unique and important effort was funded to develop and improve market agriculture in the U.S. Caribbean and Pacific Islands, involving land-grant institutions in those territories.

Issues relating to improved production and marketing systems, and adding value to products, were addressed in two beef cattle projects (Indiana, Michigan, Ohio, Illinois, Kentucky, and Tennessee). Issues relating to the structure of agriculture were addressed in an innovative consortium of service providers that has been formed to assist beginning farmers in New England. In an attempt to retain an existing agricultural industry in the face of global competition, a project was funded to reduce labor requirements and increase profitability of chile pepper production in the Southwest. In a similar manner, research and extension on the production of hybrid catfish in hillside ponds of the Southeast was funded to develop a new source of farm income.

Results are starting to be reported from 15 proposals totaling \$19 million that were funded in the Farm Efficiency and Profitability component during the FY 2001 grant round. Funded projects include value-added horticultural products, season-extending high tunnels for the central Great Plains, tropical mariculture ventures in Hawaii, production systems to improve the profitability of small and economically disadvantaged livestock family farms, enhanced goat production systems for the Southern United States, and collaborative research and outreach for small farm enterprises and community development in the Black Belt South.



Food and Nutrition Service (FNS)

In response to recommendations 3.26 and 7.11 of the Commission's report, FNS is continuing to pursue several initiatives to assist the Nation's small farmers and to promote program purchases from them. They include promoting "farm-to-school" and "farm-to-cafeteria" projects; expanding the WIC Farmers' Market Nutrition Program (FMNP); administering the Senior Farmers' Market Nutrition Program (SFMNP), and increasing participation of farmers' markets in the Food Stamp Program by enabling them to accept electronic food stamp payments.

■ **The Small Farms/School Meals Initiative:** This initiative, popularly called the "farm-to-school" project, encourages small farmers to sell fresh fruits and vegetables to schools and encourages schools to buy wholesome produce from small farmers. The program involves the cooperation of Federal, State, and local governments, as well as of local farm and educational organizations. Successful farm-to-school and farm-to-cafeteria projects have been implemented in Florida, North Carolina, and California during the past few years.

- (1) **Farm-to-School Marketing Training in Pennsylvania.** In June 2003, AMS shared examples of successful farm-to-school marketing practices at the monthly meeting of the Greater Susquehanna Valley Chamber of Commerce's Agriculture Committee in Shamokin Dam, Pennsylvania. The committee is interested in launching a pilot project to help Pennsylvania family farmers develop alternative marketing channels with local schools.
- (2) **National Workshop on Farm-to-Cafeteria Marketing Issues.** AMS provided financial support to organize and recruit participants for a workshop on "Farm to School Marketing from the Producer Point of View" at the first national "Farm to Cafeteria" conference, hosted by the Community Food Security Coalition in Seattle, Washington, in October 2002. AMS also moderated the workshop. As part of this activity, Marketing Services Branch staff gave an overview of the marketing opportunities presented by the school food service sector and provided recommendations for successfully marketing locally grown farm products to school food service buyers.

Additionally:

In March 2003, Under Secretary Eric Bost met with farm-to-school supporters, small farmers, and a local school food service director at USDA in Washington, D.C. The participants talked about their programs and requested consideration for a grant program to initiate farm-to-school activities in local school districts to increase consumption of fresh fruits and vegetables by students.

In October 2003, during the National School Lunch Week, FNS officials participated in several events. Emphasis was placed on recognizing the efforts of farm-to-school sites in Washington and California.

In October 2002, FNS staff from Headquarters and the Western Regional Office in San Francisco, California, participated in the National Farm-to-Cafeteria conference, which was held



in Seattle, Washington. The conference was sponsored by the Community Food Security Coalition and included several sessions on developing farm-to-school and farm-to-cafeteria projects.

A publication entitled *Small Farms/School Meals Initiative Town Hall Meetings* provides “how to” information on bringing local producers and local school service staff together for mutual benefit; assisting small farmers in discovering new markets for fresh fruits and vegetables; and giving schools an opportunity to learn how to purchase locally grown fresh vegetables. The publication is available on the Food and Nutrition Service’s Web site at www.fns.usda.gov/cnd/Lunch/Downloadable/small.pdf

Expansion of USDA’s WIC Farmers’ Market Nutrition Program (FMNP): FMNP was established by Congress in July 1992 to provide fresh, nutritious, unprepared, locally grown fruits and vegetables from farmers’ markets to Special Supplemental Nutrition Program for Women, Infants and Children (WIC) participants, and to expand the awareness and use of farmers’ markets. Federal funds appropriated for FMNP increased from \$20 million in FY 2001 to \$25 million in FY 2003. In FY 2003, State agencies received over \$3.3 million for the expansion of current programs. This increased funding resulted in a number of State agencies expanding program operations to serve more eligible WIC participants. In addition, FMNP recipients purchased over \$20.8 million worth of fresh produce from over 13,000 farmers at just over 2,800 market outlets authorized to accept FMNP coupons.

For further information, please visit our Web site at www.fns.usda.gov/wic.

■ Administration of the Senior Farmers’ Market Nutrition Program (SFMNP):

The SFMNP is a relatively new program that began in FY 2001 as a pilot program. Grants are awarded to States, United States territories, and federally recognized Indian Tribal Governments to provide low-income seniors with coupons or checks that can be exchanged for eligible foods at farmers’ markets, roadside stands, and community supported agriculture programs. Grant funds may be used only to support the costs of the foods that are provided under the SFMNP; no administrative funding is available.

The Farm Security and Rural Investment Act (the Farm Bill) of 2002 authorizes USDA to develop program regulations. Therefore, FNS is developing regulations to establish the SFMNP as one of the agency’s permanent nutrition assistance programs. This legislation also authorizes \$15 million out of Commodity Credit Corporation (CCC) funds for each of fiscal years 2003-2007.

For FY 2003, grants to operate the SFMNP were awarded to 40 State agencies and federally recognized Indian tribal organizations. These grant awards ranged from nearly \$6,500 to \$1.5 million, for a total of \$16.8 million, which includes \$1.8 million in resources that continued to be available to State agencies under FY 2002 grant agreements.

Our most recent data from FY 2002 indicate that just over 500,000 seniors received SFMNP coupons. Eligible seniors purchased fresh fruits, vegetables, and herbs from almost 11,400



farmers at 1,650 farmers' markets, as well as over 1,550 roadside stands and more than 200 community supported agriculture programs authorized to accept SFMNP coupons.

SFMNP has generated many creative partnerships and collaborations among State Departments of Aging or Elder Services, Agriculture, and Health in the administration of the program. Other successful partnerships have been established with State and County Extension programs, as well as with private nonprofit organizations, to deliver SFMNP benefits effectively to eligible seniors.

For further information, please visit our Web site at www.fns.usda.gov/wic.

■ **Increasing Farmers' Market Participation in the Food Stamp Program:** "During the 2003 growing season, 11 states delivered the Food Stamp Electronic Benefit Transfer System (EBT) access via some alternative method other than manual vouchers at farmers' market projects."

Some farmers' markets in Massachusetts, Kentucky, Illinois, Arizona, Hawaii, and Washington used scrip-based or token-based EBT alternatives that allowed food stamp recipients to purchase scrip with their EBT cards at a central Point-of-Sale (POS) terminal to be used for eligible food purchases.

Various farmers' markets in New York, Wisconsin, Arizona, and California pursued the use of wireless POS technology to complete food stamp transactions. Markets in Texas and Kentucky used EBT vouchers cleared through POS terminals to enable recipients to make food stamp purchases. New Mexico experimented with an alternative where recipients received a receipt for a food stamp purchase, which was cleared at a central location through a POS terminal.

By October 2002, all States were required to have EBT in place. Because of contracting and operational delays, several States and territories missed the deadline. However, by July 2004, all States, the District of Columbia, Puerto Rico, the Virgin Islands, and Guam delivered food stamp benefits electronically. Since farmers' markets do not have ready access to phone lines and electricity, the infrastructure for accepting EBT payments at these locations does not exist. FNS is currently working with States to test various solutions to these technical problems.

For more information about the Food Stamp EBT System and the EBT Farmers' Market demonstration projects, please visit the Food Stamp EBT Web site at <http://www.fns.usda.gov/fsp/EBT/>.

Foreign Agricultural Service (FAS)

■ **FAS Market Development Programs.** The Foreign Market Development Program uses \$33.5 million from the Commodity Credit Corporation (CCC) to aid in the creation, expansion, and maintenance of long-term export markets for U.S. agricultural products.

For more than 45 years, the program has fostered a trade promotion partnership between USDA and U.S. agricultural producers and processors, who are represented by nonprofit commodity or



trade associations called Cooperators such as the U.S. Wheat Associates, Cotton Council International, and American Soybean Association. Under this partnership, USDA and the Cooperators pool their technical and financial resources to conduct overseas market development activities.

In most cases without a farmer-member cooperative or a further processed business, economies of scale usually limit small individual producers from exporting. A small producer would work with a trade association, U.S. cooperative organization or agricultural business to effectively participate in the export market and market development activities.

The Cooperator Program benefits U.S. farmers, processors, and exporters by assisting their organizations in developing new foreign markets and increasing market share in existing markets. Overseas promotions focus on generic U.S. commodities, rather than individual brand-name products, and are targeted toward long-term development. Approximately 40 commodity groups representing specific agricultural products are eligible and participate in the program. Tobacco and tobacco products are not eligible for participation in this program.

Natural Resources Conservation Service (NRCS)

■ In Alabama, the Ala-Tom Resource Conservation and Development (RC&D) Council identifies niche-marketing opportunities for limited resource farmers. One niche-marketer is Down South Foods, a non-profit enterprise that, thanks to Ala-Tom RC&D, sells produce and specialty meats to Calhoun Food stores. Down South Foods is sponsored by Tuskegee University, Tuskegee Cooperative Extension, and the Alabama Small Farm and Rural Economic Development Center.

Rural Development

Business and Cooperative Programs

■ USDA's five-year strategic plan for Rural Development includes priority support for small, minority, women, and disadvantaged farmer programs through its Business and Cooperative Programs. The plan includes support for cooperatives and value-added projects for small farmers.

■ Most of the 47 State Rural Development offices have staff with cooperative development responsibilities to administer the co-op development programs.

■ Cooperative staff provides technical assistance to existing co-ops or ones in development. Between 2001 and 2003, 30 percent of this technical assistance was devoted to co-ops serving small and minority farmers. In FY 2003, seven Value-Added Producer Grants went to minority small farm producers.

■ Rural Development's Business and Industrial Guaranteed Loan Program includes a Cooperative Stock Purchase Program for qualified individual farmers. The program provides guaranteed loan assistance to farmers to purchase stock in a start-up value-added co-op.



The Appropriate Technology Transfer for Rural Areas (ATTRA) clearinghouse disseminates information and technical assistance to producers. Nearly 50 percent of ATTRA's customer base is small and minority farmers. The program received \$2.5 million in funding in both FYs 2002 and 2003.

Minority Co-op Report

Research Report Number 194, "Black Farmers in America, 1865-2000, the Pursuit of Independent Farmer and the Role of Cooperatives" is in its second printing. The report takes a look at black farmers in the South, 1865-1932; independent farming initiatives, 1886-1932; New Deal Agriculture; the civil rights movement and co-ops; census figures on farmers and their race, 1900-1997; and promoting independent farm enterprise through co-ops. The report may be accessed online at www.rurdev.usda.gov/rbs/pub/RR194.pdf. Obtain a hard copy by calling (202) 720-8381.